



State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

July 21, 2003

Single Audit Management Report

Robert Latham, Executive Director
Mississippi Emergency Management Agency
P. O. Box 4501
Jackson, Mississippi 39296-4501

Dear Mr. Latham:

Enclosed for your review are the single audit management report and other audit finding for the Mississippi Emergency Management Agency for the Fiscal Year 2003. In this finding, the Auditor's Office recommends the Mississippi Emergency Management Agency establish controls over suspension and debarment for the Hazard Mitigation Grant.

Please review the recommendation and submit a plan to implement it by August 11, 2003. The enclosed finding contains more information about our recommendation.

During future engagements, we may review the finding in this management report to ensure procedures have been initiated to address this finding.

This report is intended solely for the information and use of management, Members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

I hope you find our recommendation enables the Mississippi Emergency Management Agency to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Emergency Management Agency throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

Phil Bryant
State Auditor

Enclosures

SINGLE AUDIT FINDING

In conjunction with our audit of federal assistance received by the State of Mississippi, the Office of the State Auditor has completed its audit of selected federal programs of the Mississippi Emergency Management Agency for the year ended June 30, 2003. This audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, the Single Audit Act Amendments of 1996, and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Office of the State Auditor's staff members participating in this engagement included Rob Robertson, Roy Patrick, CGFM, and Geeta Sethi.

The fieldwork for audit procedures and tests was completed on July 7, 2003. These procedures and tests cannot and do not provide absolute assurance that all federal legal requirements have been met. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

Internal Control over Compliance

The management of the Mississippi Emergency Management Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with requirements that could have a direct and material effect on the major federal programs.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance that we consider to be material weaknesses. However, we noted a matter involving the internal control over compliance that requires the attention of management that we have reported on the attached document "Other Audit Finding".

Compliance

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of management. We have audited each of the major federal programs for compliance with the types of compliance requirements described in OMB Circular A-133. Our audit fieldwork included examining, on a test basis, evidence about the department's compliance with those requirements and such other procedures as we considered necessary. Based on audit procedures and tests performed, we are pleased to report that no instances of noncompliance that are required to be reported by OMB Circular A-133 were noted.

OTHER AUDIT FINDING

In planning and performing our audit of the federal awards received by the Mississippi Emergency Management Agency for the year ended June 30, 2003, we considered internal control over compliance with requirements that could have a direct and material effect on the major federal programs. A matter which requires the attention of management was noted. This matter which does not have a material effect on the agency's ability to administer federal programs in accordance with applicable laws, regulations, or provisions of contracts or grant agreements involves an internal control weakness.

IMMATERIAL WEAKNESS IN INTERNAL CONTROLS

CFDA/Finding Number	Finding and Recommendation
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Oth-01

PROCUREMENT and SUSPENSION and DEBARMENT

Immaterial Weakness

83.548

Hazard Mitigation Grant (HMGP)

Federal Award Number and Year: 2003

Controls Should Be Established to Ensure Contracts Include Suspension and Debarment Certification

Finding:

Testwork performed at the Mississippi Emergency Management Agency revealed the agency does not have procedures in place to ensure contracts for the Hazard Mitigation Grant are not made to parties that are suspended or debarred from participating in federal assistance programs.

The Office of Management and Budget Circular A-133 states that non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all nonprocurement transactions (e.g., subawards to subrecipients). Contractors receiving individual awards for \$100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred.

Recommendation:

We recommend the Mississippi Emergency Management Agency establish controls to ensure all applicable contracts for the Hazard Mitigation Grant include the suspension and debarment certification required by Office of Management and Budget Circular A-133.

End of Report



State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
Auditor

October 24, 2003

Financial Audit Management Report

Robert Latham, Executive Director
Mississippi Emergency Management Agency
P. O. Box 4501
Jackson, Mississippi 39296-4501

Dear Mr. Latham:

The Office of the State Auditor has completed its audit of selected accounts included on the financial statements of the Mississippi Emergency Management Agency for the year ended June 30, 2003. These financial statements will be consolidated into the State of Mississippi's Comprehensive Annual Financial Report. The Office of the State Auditor's staff members participating in this engagement included Rob Robertson, Marilyn Purvis, and Daphonie Moulder.

The fieldwork for audit procedures and tests was completed on October 10, 2003. These procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

Internal Control over Financial Reporting

In planning and performing our audit of selected accounts included on the financial statements, we considered the Mississippi Emergency Management Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on these accounts and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether selected accounts included on the financial statements of the Mississippi Emergency Management Agency are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. We are pleased to report the results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Members of the Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Emergency Management Agency throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

Phil Bryant
State Auditor